

Message Text

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ACTION NEA-10

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E.O. 11652: N/A

TAGS: BDIS, PK

SUBJ: BID PROCEDURE COMPLAINT: FIBERGLASS
RESOURCES CORPORATION

1. AMBASSADOR HAS RECEIVED FOLLOWING CABLE FROM JONAS MEDNEY, PRESIDENT, FIBERGLASS RESOURCES CORPORATION, MOTOR AVENUE, FARMINGDALE, NEW YORK, 11735. BEGIN QUOTE AS THE MAJOR US MANUFACTURER OF FIBERGLASS PIPE, WELL CASING AND WELL SCREEN HERETOFORE WIDELY USED IN PAKISTAN, WE WISH TO STRONGLY PROTEST THE OFFER BY GREAT BRITAIN OF A 30-YEAR INTEREST FREE LOAN EQUAL TO 1.3 MILLION US DOLLARS FOR INSTALLATION OF 1,200 WATER WELLS IN PAKISTAN.

2. OUR CONTRACTS WERE OBTAINED DUE TO OUR LOW PRICES SUBMITTED THRU FAIR INTERNATIONAL TENDERS. IN ORDER TO SUPPORT THEIR INEFFICIENT INDUSTRY, THE BRITISH GOVERNMENT HAS INTERVENED BY OFFERING PAKISTAN FOREIGN EXCHANGE THRU SOFT LOANS. THIS LARGESS BY THE BRITISH WILL DESTROY OUR AND OTHER AMERICAN PIPE INDISTRY MANUFACTURER'S MARKET IN PAKISTAN WHICH HAS TAKEN ELEVEN YEARS TO BUILD UP. OUR US AID HAS SEEN FIT TO OFFER SOFT LOANS FOR NONDESCRIPT ENGINEERING FEASIBILITY STUDIES. PAKISTAN TECHNICAL KNOW HOW DEVELOPED THROUGH US AID FUNDS AND OTHER PROJECTS TO ASSIST DEVELOPMENT OF PAKISTAN AGRICULTURE ARE THE PRODUCT OF US FINANCING.

3. WE CONSIDER THE BRITISH ATTEMPT TO TAKE OVER THIS
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MARKET IN THE FACE OF POTENTIALLY COSTLY FINANCING IN

PAKISTAN BY THE EXIMBANK AND OTHER US SOURCES A MOST SERIOUS MATTER. WE CAN BEAT INTERNATIONAL COMPETITION BUT WE CAN'T BEAT OTHER GOVERNMENTS WITHOUT ANY HELP FROM OUR OWN GOVERNMENTS. END QUOTE.

4. COMPLAINT FROM SAME FIRM DESCRIBED IN GREATER DETAIL IN JULY 20, KARACHI MEMCON SENT TO STATE/NEA/PAB AND USDOC/BIC/OIM. MEMCON ADDS THAT FIBERGLASS RESOURCES CLAIMS TO HAVE BEEN LOW BIDDER ON EVERY SINGLE WAPDA TENDER FOR FIBERGLASS WELL CASING AND SCREENS DURING PAST TWO YEARS AND THAT UKG OFFERED TO SUPPLY MATERIAL FREE OF CHARGE AFTER BIDS WERE OPENED AND FIBERGLASS RESOURCES FOUND TO BE LOW BIDDER.

5. EMB DISCUSSED ABOVE CLAIMS WITH BRITISH EMB JULY 28 WHICH STATES: (1) THAT UK FIRM, BRISTOL COMPOSITE MATERIALS, LTD., HAS WON SEVERAL BIDS FOR THIS PRODUCT IN PAST TWO YEARS AND (2) THAT GOP DECIDED TO TAKE ADVANTAGE OF FUNDS AVAILABLE UNDER UK/AID-TYPE CONCESSIONAL-TERM LOAN ON THIS WAPDA PROJECT. BRITISH EMB ARGUES THAT A 50 MILLION POUND LOAN WAS AVAILABLE FOR A VARIETY OF DEVELOPMENT-RELATED PROJECTS AND THE GOP CHOSE TO USE SOME OF THE FUNDS FOR THIS PROJECT. IN PROVIDING THIS AID, THE UK WAS NOT OFFERING EXPORT CREDIT-TYPE FINANCING BUT PROVIDING FOREIGN AID TO PAKISTAN. THE BRITISH EMB ALSO STATES THAT IN DOING SO THEY HAD INFORMATION THAT THE JAPANESE WERE OFFERING ATTRACTIVE CREDIT TERMS IN SUPPORT OF A JAPANESE BID.

6. UK EMB SAID WAPDA HAS APPLIED FOR SAME KIND OF CONCESSIONAL FINANCING FROM THE UK FOR SECOND PURCHASE BUT EMB IS DOUBTFUL THAT LONDON WILL AGREE. LONDON PREFERS PROJECT-TYPE AID AND NOT COMMODITY LOANS OF THIS KIND.

7. EMB VERY MUCH SYMPATHIZES WITH FIBERGLASS BUT DOES NOT BELIEVE THAT IT HAS GROUNDS TO PURSUE THIS MATTER FURTHER SINCE FINANCING WAS DONE UNDER AN AID-TYPE LOAN. SINCE SIMILAR UK FINANCING MAY NOT BE AVAILABLE IN FUTURE, EMB HOPES FIBERGLASS RESOURCES WILL CONTINUE UNCLASSIFIED

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TO AGGRESSIVELY PURSUE FUTURE WAPDA BIDS. FIBERGLASS RESOURCES MAY ALSO WISH TO DISCUSS WITH EXIMBANK THE POSSIBILITIES OF FUTURE EXIMBANK FINANCING HELP.

8. FYI: AS MEDNEY SAYS, USAID ASSISTANCE TO SCARP PROGRAMS IN THE PAST HAS INDEED HELPED DEVELOP TECHNICAL KNOW-HOW THAT LED TO SUBSTANTIAL AMOUNT OF BUSINESS FOR FIRMS LIKE FIBERGLASS RESOURCES. UNFORTUNATELY,

FOR SUCH FIRMS, USAID'S CURRENT PROGRAM DOES NOT INCLUDE SUCH ASSISTANCE. THE ALLEGATION THAT QUOTE USAID HAS SEEN FIT TO OFFER SOFT LOANS FOR NONDESCRIPT ENGINEERING STUDIES UNQUOTE PROBABLY REFERS TO ONE DOLS2.5 MILLION TECHNICAL SERVICES LOAN, WHICH IS VERY SMALL PART OF USAID'S PROGRAM IN PAKISTAN. END FYI.

9. USDOC ACTION REQUESTED: USDOC AT ITS DISCRETION IS REQUESTED TO RELAY THE ABOVE INFORMATION TO MR. MEDNEY. USDOC MIGHT ALSO DESCRIBE RECENT USG EFFORTS TOWARD INTERNATIONAL AGREEMENT TO UN-TIE DEVELOPMENT AID AND TO STANDARDIZE TERMS OF OFFICIALS COMMERCIAL CREDITS. BYROADE

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